

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release (the "Settlement Agreement") is made and entered into this 15 day of December, 2011, by and between:

"Plaintiffs/Releasers"

Marco D. Walker, Jr., a minor, by and through her Guardian ad Litem, Karen Works; Karen Works individually; and Marco D. Walker, the biological father of Marco D. Walker, Jr. and claimant who has filed a Government Tort Claim.

"Defendants/Releasees"

County of Los Angeles and any and all of its employees, agents, attorneys, and representatives

Recitals

- A. Plaintiffs/Releasers filed a complaint against County of Los Angeles and several of its employees ("Defendants/Releasees") in the Superior Court, County of Los Angeles, State of California, Court Action BC480599, ("the Complaint"), which Complaint arose out of certain alleged negligent acts or omissions by Defendants/Releasees. In particular, the Complaint alleges that Plaintiff, Karen Works was incarcerated as of April 30, 2010. While incarcerated, Plaintiff underwent some testing in connection with her pregnancy. The test results allegedly revealed a bacterial infection which Plaintiff claims she was inadequately treated, which purportedly caused Plaintiff's harm. Plaintiffs/Releasers seek monetary damages for physical and personal injuries sustained during Plaintiff's pregnancy, subsequent delivery on or about July 1, 2010, and all causes of actions and claims that relate to Plaintiff Karen Works, the decedent De Marco Walker (born July 1, 2010) and minor Plaintiff Marco D Walker, Jr.
- B. The parties desire to enter into this Settlement Agreement and Release in order to provide for certain payments in full settlement and discharge of all claims which have, or might be made, by reason of the incident described in Recital A above, and any other potential claims known or unknown that Plaintiffs/Releasers may have against Defendants, upon the terms and conditions set forth below.

Agreement

The parties agree as follows:

1.0 Terms

In consideration of the covenants undertaken and releases given herein by Plaintiffs/Releasers, Defendants/Releasees shall provide to Plaintiffs/Releasers, the following consideration in full and final settlement release of any and all matters of any kind or nature which were alleged by, or could have been alleged by, Plaintiffs/Releasers against the County of Los Angeles and/or any of the Defendant/Releasees:

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Karen Works K3
Marco D. Walker MAL

(a) The County on behalf of Defendants/Releasees will pay the sum of \$5,000,000.00 to Plaintiffs/Releasers, subsequent to and in a manner consistent with the requisite court order for the minor's compromise, to be within 14 days of the execution of the court order for minor's compromise and that the payment be made simultaneously to a request for dismissal with prejudice being filed and as relating to the claims as described in Recital A, above. The amount paid is inclusive of all attorneys' fees and costs, and;

(b) Periodic payments may be made in a manner consistent with the requisite court order for the minor's compromise relating to the minor's claims as described in Recital A, above.

All sums and periodic payments set forth in the section entitled Terms constitute damages on account of personal injuries or sickness, arising from an occurrence, within the meaning of Section 104(a)(2) of the Internal Revenue Code of 1986, as amended.

Plaintiffs/Releasers agree, however, that they have not received or relied upon any advice or representation from the Defendant/Releasees, or their attorneys, including advice or representation as to the tax effect of this Agreement. In accordance therewith, Plaintiffs/Releasers agree to hold harmless the Defendant/Releasees, and their attorneys, from any losses to Plaintiffs/Releasers incurred, including any loss by reason of a determination by the Internal Revenue Service or other tax authority that said settlement monies do not constitute, in whole or part, damages on account of personal injury or sickness.

(c) Defendants/Releasees will be responsible for the Medi-Cal lien arising out of the care provided to Marco D. Walker, Jr. alleged in this action, which amounted to \$25,068.00 as of July 20, 2011. Plaintiffs/Releasers will be responsible for any Medicare lien or other medical liens relating to the care provided to Plaintiffs/Releasers and must be satisfied out if these settlement proceeds. Plaintiffs/Releasers will be responsible for any other outstanding lien;

(d) Plaintiffs' attorney of record, the Law Offices of Yarian & Patatnayan, LLP, and Levik Yarian, individually, and Allen Patatnayan, individually, agree to defend and fully indemnify and hold harmless Defendants/Releasees and the law offices of Peterson Bradford Burkwitz, and all of their attorneys, employees, experts, third party administrators, from and against all actions, claims, suits, procedures, etc, brought by the Themis Law Group and/or Timothy Mitchell regarding the issuing or endorsing the settlement check and/or any claim relating to any attorney fee payment cost/lien not being satisfied. Plaintiffs/Releasers and their attorneys also agree to notify the Themis Law Group and/or Mr. Mitchell of this settlement within 48 hours of the receipt of the settlement check;

(e) All Defendants/Releasees, including the County of Los Angeles and individually named defendants, will be dismissed with prejudice;

(f) Plaintiffs/Releasers agree to dismiss and waive any claim against Defendants/Releasees related to any possible known or unknown claim related to the allegations of this Complaint. Plaintiffs/Releasers agree also to waive any possible claim for wrongful death by any of the Plaintiffs/Releasers. This is set forth more fully below.

2.0 Release and Discharge

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karen works K3
Marco D. Walker Mark

2.1 In consideration of the payments set forth in Section 1, Plaintiffs/Releasers hereby completely release and forever discharge all Defendants/Releasees, including the County of Los Angeles and any and all of its employees, agents, and representatives from any and all past, present or future claims, demands, obligations, actions, causes of action, wrongful death claims, rights, damages, costs, losses of services, expenses and compensation of any nature whatsoever, whether based on a tort, contract or other theory of recovery, which the Plaintiffs/Releasers now have, or which may hereafter accrue or otherwise be acquired, on account of, or may in any way grow out of, or which are the subject of the Complaint (and all related pleadings) including, without limitation, any and all known or unknown claims for bodily and personal injuries to Plaintiffs/Releasers as to any claim they may have or had against Defendants/Releasees, or any future wrongful death claim of Marco D. Walker, Jr.'s representatives or heirs, which have resulted or may result from the alleged acts or omissions of Defendants/Releasees.

2.2 This release and discharge shall also apply to Defendants/Releasees' past, present and future attorneys, agents, servants, representatives, employees, subsidiaries, affiliates, partners, predecessors and successors in interest, and assigns and all other persons, firms or corporations with whom any of the former have been, are now, or may hereafter be affiliated.

2.3 This release, on the part of the Plaintiffs/Releasers, shall be a fully binding and complete settlement among the Plaintiffs/Releasers, the Defendants/Releasees and their assigns and successors. The parties acknowledge that this Settlement Agreement and Release is contingent upon the Court's approval of the Minor's Compromise.

2.4 The Plaintiffs/Releasers acknowledge and agree that the release and discharge set forth above is a general release. Plaintiffs/Releasers expressly waive and assume the risk of any and all claims for damages which exist as of this date, but of which the Plaintiffs/Releasers do not know or suspect to exist, whether through ignorance, oversight, error, negligence, or otherwise, and which, if known, would materially affect Plaintiffs/Releasers decision to enter into this Settlement Agreement and Release. The Plaintiffs/Releasers further agree that Plaintiffs/Releasers have accepted payment of the sums specified herein as a complete compromise of matters involving disputed issues of law and fact. Plaintiffs/Releasers assume the risk that the facts or law may be other than Plaintiffs/Releasers believe. It is understood and agreed to by the parties that this settlement is a compromise of a disputed claim, and the payments are not to be construed as an admission of liability on the part of the Defendants/Releasees, by whom liability is expressly denied.

2.5 Plaintiffs/Releasers hereby waive any and all rights based upon the provisions of California Civil Code Section 1542 that reads as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which, if known to him or her, must have materially affected his or her settlement with the debtor."

3.0 Plaintiffs/Releasers Right to Payments

The Defendant/Releasee(s) and/or Assignee(s) shall not segregate or set aside any of its

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Karen Works K. Works
Marco D. Walker M. Walker

assets to fund the payments to Plaintiff/Releaser(s) required herein. Payments hereunder cannot be accelerated, deferred, increased or decreased by the Plaintiff/Releaser(s) and/or Assignee(s) and no part of the payment(s) called for herein or any assets of the Defendant/Releasee(s) and/or Assignee(s) is to be subject to execution of any legal process for any obligation in any manner. Furthermore, the Plaintiff/Releaser(s) shall not have the power to sell or mortgage or encumber the same, or any part thereof, anticipate the same, or any part thereof, by assignment or otherwise.

4.0 Plaintiffs'/Releasers' Beneficiary

Any payments to be made after the death of Marco D. Walker, Jr. pursuant to the terms of this Settlement Agreement and Release shall be made to such person or entity as shall be designated in writing at the time of settlement by said Plaintiff/Releaser(s) to the Defendant/Releasee(s) or the County's Assignee(s). If no person or said entity is so designated by the Plaintiff/Releaser(s) or if the person designated is not living at the time of the Plaintiff/Releaser's death, such payments shall be made to the estate of Marco D. Walker, Jr. No such designation, nor any revocation thereof, shall be effective unless it is in writing and delivered to the Defendant/Releaser(s) or the Defendant/Releaser's Assignee(s). The designation must be in a form acceptable to the Defendant/Releaser(s) or the Defendant/Releaser's Assignee(s) before such payments are made.

5.0 Consent to Qualified Assignment

5.1 The parties hereto acknowledge and agree that the Defendants/Releasees may make a "qualified" assignment within the meaning of Section 130(c) of the Internal Revenue Code of 1986, as amended, to the assignee as identified in the requisite court order for the minor's compromise relating to the minor's claims as described in Recital A, above, (hereinafter referred to as Assignee(s)), assigning the Defendants/Releasee's liability to make the periodic payments described in paragraph 1.0(b). The Assignees' obligations for payments of the Periodic Payments shall be no greater than that of Defendants/Releasees (whether by judgment or agreement) immediately preceding the assignment of the Periodic Payments obligation. Such assignment, if made, shall be accepted by the Plaintiffs/Releasers without right of rejection and shall completely release and discharge the Defendants/Releasees from such obligations hereunder as are assigned to Assignee(s).

5.2 The liability and obligations assumed by the Assignee(s) to make each of the payments in the amount and at the time set forth in this agreement shall be discharged pro tanto upon payment of each amount specified in this agreement. Each payment contemplated in this agreement shall be deemed made upon the mailing of a valid check or electronic transfer in the amount due to the address or bank account so designated in writing by Plaintiff/Releasers unless Plaintiff/Releasers within fourteen (14) days following the due date of any payment notified Assignee(s) that any check so mailed was not received; provided that nothing herein shall relieve actual receipt thereof by Plaintiff/Releasers or his/her successor hereunder. Upon receipt of written notification, Assignee(s) shall direct the Annuity Carrier(s) to initiate a stop payment action for such check and upon confirmation that such check was not previously negotiated shall promptly have the Annuity Carrier(s) issue and mail a replacement check.

The Defendant/Releasee(s) hereto expressly understand and agree that upon the qualified assignment being made by the Defendant/Releasee(s) to Assignee(s) as authorized by this agreement, all of the duties and

Karen Walker K31
Marco D. Walker [Signature]

responsibilities to make the periodic payments otherwise imposed upon the Defendant/Releasee(s) by this agreement shall instead be binding upon Assignee(s), and the Defendant/Releasee(s) shall be released from all obligations to make said periodic payments, and Assignee(s) shall at all times remain directly and solely responsible for and shall receive credit for all such payments made to Plaintiff/Releaser(s). It is further understood and agreed that, upon such a qualified assignment, Assignee(s) assumes all of the duties and responsibilities of the Defendant/Releasee(s) to make the periodic payments.

The Plaintiff/Releaser(s) agree that:

(1) Periodic payments under this Settlement Agreement from Assignee(s) cannot be accelerated, deferred, increased or decreased by the Plaintiff/Releaser(s).

(2) The Assignee's obligation for payment of the periodic payments shall be no greater than the obligation of the person or entity originally liable (whether by suit or agreement) for payment and from whom the obligation was assigned.

6.0 Right to Purchase an Annuity

Plaintiff/Releaser(s) agree that the Defendant/Releasee(s) and/or Assignee(s) shall have the right to fund its liability to make periodic payments by purchasing a "qualified funding asset", within the meaning of Section 130(d) of the Code, in the form of an annuity policy from an Annuity Carrier as identified in the requisite court order for the minor's compromise relating to the minor's claims as described in Recital A, above. [hereinafter referred to as Annuity Carrier(s)].

The Defendant/Releasee(s) and/or its Assignee(s) shall be the owner of the annuity policy or policies, and shall have all rights of ownership. The Defendant/Releasee(s) and/or its Assignee(s) may have Annuity Carrier(s) mail payments directly to the Plaintiff/Releaser(s). The Plaintiff/Releaser(s) shall be responsible for maintaining the currency of the proper mailing address and mortality information to Assignee(s).

7.0 Discharge of Obligation

The obligation of Defendants/Releasees and/or their Assignees to make each Periodic Payment shall be discharged upon the mailing of a valid check in the amount of such payment to the designated address of the Payee(s) named. However, if a payment is lost, the Payor, upon notification of such lost check, transfer, or payment, shall reissue said check, transfer, or payment, subject to verification by "stop payment", that the Payee had not negotiated said check, transfer, or payment.

8.0 Attorneys' Fees

Each party hereto shall bear all attorney's fees and costs arising from the actions of its own counsel in connection with this Settlement Agreement and Release, the matters and documents referred to herein, and all related matters.

9.0 Delivery of Dismissal with Prejudice

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Karen Work *K. Work*
Marion A. Work *M. Work*

Concurrently with the execution of this Settlement Agreement and Release, counsel for the Plaintiffs/Releasers, shall deliver to counsel for Defendants/Releasees an executed Dismissal with Prejudice of the Complaint. Plaintiffs/Releasers hereby authorizes counsel for Defendants/Releasees to file said Dismissal with the Court and enter it as a matter of record.

10.0 Novation

In recognition of the obligation of Defendants/Releasees specified above and the Release of all claims by Plaintiffs/Releasers, the parties further agree as follows:

It is agreed that Defendants/Releasees will assign the obligation to make the specified Periodic Payments to the Assignees. The obligation of Defendants/Releasees to make periodic payments shall, by this novation, become the sole and exclusive duty of the Assignees, and the terms and conditions of payments shall remain unchanged in lieu of the substitution of the Assignees for the obligations of the Defendants/Releasees.

Execution of the assignment will absolutely and completely discharge Defendants/Releasees from any further payment obligation. If either the Assignees or the issuers of the annuity contract purchased by Assignees to make the payment obligation specified above, fail to make payments or become insolvent or bankrupt, Plaintiffs/Releasers or Plaintiffs/Releasers heirs or representatives' sole remedy to enforce payment obligations assigned shall be against either Assignees, guarantor and/or other responsible party other than the Defendants/Releasees. The Defendants/Releasees will have absolutely no obligations to Plaintiffs/Releasers under those circumstances.

11.0 Representation of Comprehension of Document

In entering into this Settlement Agreement and Release, Plaintiffs/Releasers represent that Plaintiffs/Releasers have relied upon the advice of their attorneys, who are the attorneys of their own choice, concerning the legal and income tax consequences of this Settlement Agreement and Release; that the terms of this Settlement Agreement and Release have been completely read and explained to Plaintiffs/Releasers by their attorneys; and that the terms of this Settlement Agreement are fully understood and voluntarily accepted by Plaintiffs/Releasers.

12.0 Warranty of Capacity to Execute Agreement

Plaintiffs/Releasers represent and warrant that no other person or entity has, or has had, any interest in the claims, demands, obligations, or causes of action referred to in this Settlement Agreement and Release, except as otherwise set forth herein; that Plaintiffs/Releasers have the sole right and exclusive authority to execute this Settlement Agreement and Release and receive the sums specified in it; and that Plaintiffs/Releasers have not sold, assigned, transferred, conveyed or otherwise disposed of any of the claims, demands, obligations or causes of action referred to in this Settlement Agreement and Release.

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Karen Works K31
Ward D. H. - 11/1/11

13.0 Governing Law

This Settlement Agreement and Release shall be construed and interpreted in accordance with the laws of the State of California.

For the protection of the undersigned Plaintiffs/Releasers, California law requires the following to appear on this form:

"IT IS UNLAWFUL TO (A) PRESENT OR CAUSE TO BE PRESENTED ANY FALSE OR FRAUDULENT CLAIM FOR THE PAYMENT OF A LOSS UNDER A CONTRACT OF INSURANCE AND (B) PREPARE, MAKE OR SUBSCRIBE ANY WRITING WITH INTENT TO PRESENT OR USE THE SAME, AND TO ALLOW IT TO BE PRESENTED OR USED IN SUPPORT OF ANY SUCH CLAIM. ANY PERSON WHO VIOLATES ANY PROVISION OF THIS SECTION IS PUNISHABLE BY IMPRISONMENT IN THE STATE PRISON OR BY FINE NOT EXCEEDING FIFTY THOUSAND DOLLARS (\$50,000) OR BOTH."

14.0 Additional Documents

All parties agree to cooperate fully and execute any and all supplementary documents and to take all additional actions which may be necessary or appropriate to give full force and effect to the basic terms and intent of this Settlement Agreement and Release.

15.0 Entire Agreement and Successors in Interest

This Settlement Agreement and Release contains the entire agreement between Plaintiffs/Releasers and the Defendants/Releasees with regard to the matters set forth in it and shall be binding upon and inure to the benefits of the executors, administrators, personal representatives, heirs, successors and assigns of each.

16.0 Liens and Other Claims

Except as set forth in Section 1.0, Plaintiffs/Releasers hereby agree and acknowledge that they are responsible for any and all liens which exist, may exist, or in the future may exist, on any of the proceeds of the settlement. Plaintiffs/Releasers warrant that they have advised Defendants/Releasees and their attorneys or agents of any liens of which Plaintiffs/Releasers are aware, and that in the event any claim is made against Defendants, or any subsumed health care entity or provider of Defendants/Releasees by any third party on account of a lien which exists, may exist, or in the future may exist, Plaintiffs/Releasers agree to hold harmless, defend and indemnify, if requested, Defendants/Releasees, including the payment of reasonable attorney's fees, for any and all such claims which Defendants/Releasees may be forced to defend. This paragraph applies to, but is not limited to, liens asserted by health care providers, medical insurance carriers, or governmental entities which might have any interest in or claim against the proceeds of this settlement.

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Karen works *KW*
[Signature]
Attest: *[Signature]*

17.0 Proof of Living Affidavit

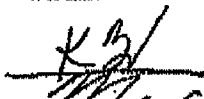
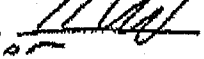
All periodic payments to be paid by the life insurance companies retained by the Defendants/Releasees and/or its assignees shall be payable to the Marco D. Walker, Jr. Special Needs Trust. By signing below, Plaintiffs/Releasers, Plaintiffs/Releasers' Releasers' Guardian ad Litem, or Plaintiffs/Releasers' Trustee of the Special Needs Trust agree to complete annually a Proof of Living affidavit that requires a notarized statement by a physician acknowledging the annuitant is still living. These terms are understood and hereby acknowledged.

18.0 Medicare

It is not the purpose of this settlement Agreement to shift responsibility of medical care in this matter to the Medicare program. Instead, this settlement is intended to resolve a dispute between the Plaintiffs/Releasers and Defendants/Releasees.

- a) **Conditional Payments.** Plaintiffs/Releasers have been advised and fully understand that conditional payment information (any benefits paid by Medicare up to date of settlement), if any, are the responsibility of the Plaintiffs/Releasers and must be satisfied out of these settlement proceeds.
- b) **Future Medicare Set Aside.** Plaintiffs/Releasers and plaintiffs' attorneys shall request the court to order the special needs trust attorney to inquire regarding the necessity of Medicare Set Asides, and if applicable, to order the special needs trust to fund any Medicare Set Aside requirement. Plaintiffs/Releasers agree to indemnify, defend and hold Defendants/Releasees harmless from any action by Medicare seeking payment for future medical expenses for the Plaintiffs/Releasers.
- c) While it is impossible to accurately predict the need for future treatment, this settlement is based upon a good faith determination of the parties in order to resolve a questionable claim. The parties have attempted to resolve this matter in compliance with both state and federal law and it is believed that the settlement terms adequately consider Medicare's interest and do not reflect any attempt to shift responsibility of treatment to Medicare pursuant to 42 U.S.C. Sec. 1395y(b). The parties acknowledge and understand that any present or future action or decision by CMS or Medicare on this settlement to Medicare or Medicare payments will not render this release void or ineffective; on in any way affect the finality of this liability settlement.
- d) **Hold Harmless.** Plaintiffs/Releasers agree to indemnify, defend and hold Defendants/Releasees harmless from any action by Medicare seeking payment of past, current, or future medical expenses for the Plaintiffs/Releasers. Plaintiffs/Releasers shall further hold Defendants/Releasees harmless from any and all adverse consequences in

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Karen Works 
Marco D. Walker 

the event this settlement results in the loss of right to Social Security and/or Medicare benefits in the absence of this Settlement Agreement.

Releaser: Marco D. Walker, Jr., a minor, by and through his
Guardian ad Litem, Karen Works

By: Karen Works

Karen Works

Date: December 15/2011

Plaintiffs are also to provide a social security number for Marco D. Walker Jr. as well as a copy of his birth certificate.

19.0 Effectiveness

This Settlement Agreement and Release shall become effective immediately following execution by each of the parties.

Plaintiff/Releaser: Marco D. Walker Jr., a minor, by and
through his Guardian ad Litem, Karen Works

By: Karen Works

Karen Works

Date: December 15/2011

Plaintiff/Releaser: Karen Works, individually

By: Karen Works

Karen Works

Date: December 15, 2011

Plaintiff and/or Claimant: Marco D. Walker, individually

By: Marco D. Walker

Marco D. Walker

Karen Works KW
Marco D. Walker MW

